

Office of the Commissioner
MAJOR LEAGUE BASEBALL



ROBERT A. DUPUY
Executive Vice President
Administration and Chief Legal Officer

January 9, 2002

BY HAND

The Honorable F. John Conyers, Jr.
Ranking Member
Committee on the Judiciary
United States House of Representatives
2138 Rayburn House Office Building
Washington, DC 20515-6216

Dear Mr. Conyers:

I was both stunned and disappointed to receive your letter today. Let me be unequivocal. The suggestions made in your letter are wholly unacceptable. I was particularly surprised to receive your letter by fax this afternoon because I was advised that Rob Manfred talked to you this morning, outlined the background of the loan in question in detail, and you indicated you understood the circumstances and had no particular concerns with the loan.

By way of repeating what you were told by Mr. Manfred: in 1995 we were recovering from a devastating players' strike. Many teams, including the Milwaukee Brewers, which I in part owned, had very serious cash flow needs. I was committed to assuring that the Milwaukee Brewers team survived, and after that strike, its survival was in question. We were also in the middle of a stadium initiative which had not yet come to fruition, and were in the process of negotiating new long-term financing for the team. That financing did not get finalized until September. In late June, we had a need for short-term borrowings. I turned to Tempus Investment Corp., a regulated financial institution owned by the Pohlada family, for a short-term \$3 million bridge loan. That loan bore interest at 1½% over prime, was guaranteed by shareholders of the Brewers, including me, and was collateralized by certain of my personal assets. To indicate how open this transaction was, Tempus actually filed a UCC-1 financing statement on my assets with the Wisconsin Secretary of State. The loan was repaid as soon as our long-term financing was closed in early September, meaning it was outstanding for a period of less than ninety days.

To suggest somehow that there is a conflict of interest between this and the contraction decisions made by the Clubs in 2001 and 2002 is preposterous for several reasons:


1. I was not the initiator of the contraction movement and had to be convinced of its merits (which I have been). The Clubs vote on contraction; it is not my decision. The Clubs voted 28-2 to proceed with contracting two teams. In fact, many Clubs wanted more than two teams to be contracted and I persuaded them that two was the proper number.
2. Our conflict rules regarding loans from Club to Club are to prevent undue influence being exerted by one team over another. This was a short-term loan from a lending institution which was owned by the family of an owner, and was at arms-length and for a commercial rate of interest. The loan was made and paid in full six years prior to any consideration of contraction by the industry.
3. Less than two months prior to this loan, the Major League Executive Council, which was acting as the Commissioner at that point, reviewed and approved a similar issue regarding the Arizona Diamondbacks ownership group. A question was raised about banks in the ownership group which likely loaned money to other Clubs and Major League players. The Executive Council determined not to consider that a conflict under the rules. As a result, I do not view the Brewers' loan to be an issue. In addition, the loan was made and paid off prior to the next scheduled owners' meeting. I am absolutely confident that had the loan been outstanding at the time of the meeting, it would have received approval at that time.

Your assertions that the Brewers will benefit directly from the contraction of Minnesota is also misguided. The Brewers expect no increase in either ticket sales or broadcast revenues if the Twins are in fact one of the teams eliminated. It is our full intention to retain existing broadcast territories and protect the contracted Clubs' territories as an asset of the industry as a whole. On the subject of the teams specifically, as I testified, the teams to be contracted have not been finally voted upon. Neither the teams nor I have reached any agreements with Carl Pohlad or the Minnesota Twins.

Finally, with respect to your comments regarding our document production at the hearing, Mr. DuPuy and William Schweitzer met with your counsel Mr. Applebaum during the hearing and reached the agreement outlined in Mr. DuPuy's letter to you. I suggest you address additional inquiries to Mr. Applebaum.

I assume this responds to your inquiry.

Sincerely,


Allan H. Selig
Commissioner of Baseball

cc: The Honorable F. James Sensenbrenner, Jr.
Robert A. DuPuy, Esq.
William H. Schweitzer, Esq.